

EXHIBIT A

Any and all documents that refer or relate to the funding sought and/or obtained by Los Valles Land & Golf, LLC, from Mountain Funding, LLC for the project referenced in the letter of intent dated October 20, 2004. (*See attached*).



Financing Tomorrow's Opportunities Today

October 20, 2004

Los Valles Land & Golf, LLC
C/o Palmer Investments, Inc.
233 Wilshire Boulevard, Suite 800
Santa Monica, CA 90401
Attn: Dan S. Palmer, Jr.

Re: Los Valles Golf Community, Los Angeles County, CA

Dear Mr. Palmer,

Mountain Funding, L.L.C. ("MF") is pleased to submit this non-binding Letter of Intent for your consideration. This expression of interest and outline of general business terms is provided for discussion purposes only and is not a commitment to lend or invest. Upon your execution of this Letter of Intent and remittance of a \$10,000 Application Fee (to be applied against the Commitment Fee at closing), MF will conduct a site visit and commence preliminary analysis. If our site visit and preliminary analysis support our continued interest, we will issue a conditional Commitment Letter within two business days that will include detailed business and legal terms generally based on the terms described in this Letter of Intent. Closing will be subject to acceptable completion of our due diligence, acceptable third party reports and acceptable legal review and documentation (all to be done within 21 days after execution of the Commitment Letter).

Summary: It is our understanding that Los Valles Land & Golf, LLC ("Borrower") owns a 432-acre parcel adjacent to Santa Clarita, CA that is fully entitled for the development and sale of 209 single-family lots and golf course. The property is currently encumbered by a senior first mortgage loan from Bank Midwest with a maximum amount of \$27,368,421 and a current balance of approximately \$17,517,015, and a junior second mortgage loan from USA Commercial Mortgage Company ("USA") in the maximum amount of \$11,700,000 and a current balance of approximately \$11,165,000. Additionally, you have invested approximately \$3,200,000 of cash equity into the project to date. You have requested that MF refinance and replace the USA loan and additionally fund prepaid interest, fees and closing costs in a total amount of approximately \$14,100,000 (adequacy of the loan amount and Use of Funds to be verified by MF during its due diligence). MF (and Bank Midwest) are to be repaid either from: (a) the bulk sale of the property which you estimate might occur by April 2005 and for which Borrower has an as-is LOI for at least net \$60,000,000, all cash; or (b) the development and sale of the residential lots over a 30-month period, with the cost of

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development to be funded by the Bank Midwest loan, the Mountain Funding loan, and Borrower's equity. Borrower's equity shall remain invested in the project until MF's loan has been fully repaid.

MF's loan closing will be subject to, among other things, the receipt, review, and approval of: (a) confirmation of the existing entitlements as represented; (b) the project's development plan and budget, and verification of soft costs and reserve projections (reasonable adherence to the approved plan and budget will be an ongoing covenant of the MF loan); (c) an acceptable independent feasibility study to support the projected lot values and absorption (bulk and retail); (d) engineering, environmental, and title reports; (e) an acceptable third party appraisal of the as-is and as-improved project (f) the Bank Midwest loan documents including, but not limited to, the intercreditor agreement; and (g) acceptable credit and background check of borrower and its principals. Before engaging 3rd party professional reports, MF will inspect all available documentation to limit remaining contingencies to those matters which require the reports to be properly addressed. Please note that we will endeavor to utilize existing third-party reports, but have no obligation to do so.

2. **Borrower:** Los Valles Land & Golf, LLC. MF will immediately confirm the Borrower is acceptable to MF, as Borrower has informed MF that the vesting cannot be changed to merely implement the contemplated loan transaction.
3. **MF Loan Amount:** Approximately \$14,100,000 (\$11,100,000 net), subject to review and approval by MF during its due diligence, as well as the related Bank Midwest Use of Funds. The MF Loan Amount shall include, among other things, provisions for funding: reimbursement of all costs advanced by Borrower pursuant to paragraph 8 below; Johnson Capital brokerage fee; MF Commitment and Loan Administration Fee as described herein; and MF interest for full loan term.
4. **Closing:** Closing to occur within three business days from MF's receipt of all required documentation and completion of due diligence, with a targeted closing date of November 18, 2004.
5. **Term:** The Loan term shall be coterminous with the Bank Midwest term (approximately thirty months from closing). The Loan may be paid prior to maturity from the sale of land or lots, but not through a refinancing; however, if budgeted costs increase by over \$1,000,000 and MF refuses to increase its loan by such increase based on the same terms as stated herein, then Borrower may prepay MF's loan through refinancing. Notwithstanding early repayment, MF shall receive minimum interest at the rate described below equal to the amount that would be due for 5 months on the full MF Loan Amount.
6. **Interest:** Rate fixed at 16% for the first 24 months of the loan, and thereafter at a rate equal to the WSJ Prime rate plus 1,100 basis points with a minimum Prime rate of 5.0%. Interest shall be calculated on a 360-day year and actual days elapsed, payable monthly. At closing and every 6 months thereafter, MF shall prepay itself from loan proceeds projected estimated interest for the next 6 months of the loan term (full 30-month interest to be included in the MF Loan Amount).

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7. Fees: MF shall be entitled to receive: (i) a Commitment Fee equal to 3.0% of the MF Loan Amount payable at closing; (ii) an annual Loan Administration Fee equal to 1.0% of the MF Loan Amount, payable annually in advance at closing and at the beginning of each year; and (iii) an Exit Fee equal to 2.0% of the MF Loan Amount payable at the earlier of repayment or maturity.
8. Legal, Due Diligence and Closing Costs: Once a signed Commitment Letter has been executed by MF and Borrower, you and Borrower will be responsible and shall pay for, in advance, all legal, due diligence, closing and administrative costs incurred by MF including, without limitation: the fees and expenses of MF's legal counsel; environmental and engineering reports; appraisal and market/feasibility reports; accountant; credit and background checks; and MF's travel costs. Said costs not-to-exceed \$50,000.00 without prior approval by Borrower. Upon execution of a Commitment Letter as described above, a good faith expense deposit will be required (amount to be determined based on availability of existing third-party reports).
9. Recourse: Loan shall be non-recourse except for standard carveouts. The loan shall be secured by a second mortgage, to comply with the structure and intercreditor agreements in place with Bank Midwest.
10. Option to Increase Loan Amount. Prior to mutual execution of the Commitment Letter, the parties will work in good faith with each other to agree to pricing, terms and conditions under which Borrower may access additional funding from MF in the amount of \$5,000,000 which sum can be applied to project costs or retirement of equity syndication.

We look forward to receiving your response and commencing our preliminary due diligence. This Letter of Intent will automatically expire unless executed and returned to our attention along with the \$10,000 Application Fee by Thursday, October 21, 2004. Wiring instructions are provided below.

Very truly yours,


Peter J. Fioretti, CEO

cc: Dana Ostenson

ACCEPTED:

Los Valles Land & Golf, LLC

By: Palmer-Los Valles, LLC, its Manager and a Member

By: Palmer Investments, Inc., its Manager and a Member

By: 
Dan S. Palmer, Jr., its President

Dated: 10/20/04

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